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**Subject:** Early Tour 2.4.16

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**Inline-Images:** image001.jpg

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Good Morning ... European Markets up 25-150 bps (Russia \$RTS +5.2%, Norway +2.3%, Swiss -0.30%, Ireland -0.74%, Greece -3.38%) ... NKY -0.85%, SHCOMP +1.53%, HSI +1.01%, KOSPI +1.35%, TWSE -0.84%, ASX +2.12%

EUR 1.159 (+0.49%) JPY 117.60 (+0.25%) EUR/JPY 131.26 (+0.25%) GBP 1.4655 (+0.35%) RUB +0.44% AUD +0.69% NZD +0.63% CAD +0.75% US 10yr 1.898%

Futures: **Dow +82, Nasdaq +22, S&P +8** DXY \$96.79 (-50c) Crude \$32.67 (+38c) Gold \$1146.60 (+\$5.30) Copper +0.81% Silver +0.28% Nat Gas -1.91%

Asian markets bounced as crude squeezed higher and Iron ore rallies. Subsequently Australia (+2%) is the regional leader buoyed by commodity names with some large moves despite announced impairments of \$1.7bn at South32. In China (+1.5%) the PBOC inject 80 bln CNY into the system via 14 day reverse repos helping sentiment. Japan was lower underperforming the region due to strength in the Yen that was more due to general dollar weakness, with exporters weak. Of note Hitachi fell 9% after lowering outlook citing Chinese demand, Panasonic (-9%) likewise revealed poor outlook. Energy names lead Hong Kong (+1%) higher with the financials mixed. European markets open stronger on the highs and are choppy with early rallies sold currently +25bps/+150bps as the EU cuts Euro area GDP and inflation forecasts. Draghi spoke earlier and reiterated that weak global inflation is no reason for central bank inaction ("what matters most is that central banks act within their mandates to fulfill their mandates"). Crude, Iron ore and copper all hold gains and basic resources are leading the way. One of yesterday's laggards the banks rebound and outperform despite mixed results. ING (+10%), DNB (+2%) and SEB Enskilda (+7%) produce strong Q4 results with Credit Suisse (-11%) posting large impairments and a Q4 loss in what feels like a kitchen sinking exercise. Auto's suffer today as Daimler (-3.8%) produces a 15% miss on their truck division and France's Energy Minister Segolene Royal tells *Le Parisien* that 50 vehicles tested in January showed all carmakers over emission limits. Healthcare names are an underperformer as Astrazeneca (-4%) miss on EPS and provide lacklustre guidance. Syngenta is trading -1.6% today to CHF 396.60 which is ~19% discount to the ChemChina bid. In the US, CBS is trading +4% after Sumner Redstone resigns as chairman (and Viacom is +7.4%) while Go-Pro is -9% after a huge miss on the top line. SPA's +8 handles = 1917 last.

\*\*\*Challenger Job Cuts @ 7:30am, Initial Jobless Claims @ 8:30am\*\*\*

\*\*\*Factory Orders & Durable Goods Orders @ 10am\*\*\*

\*\*\*ABC,BSX,CHTR,CI,CLX,CMI,PM,RL,VMC #'s pre-open\*\*\*

\*\*\*HBI,HIG,NWSA,QRVO,SRCL,SYMC #'s after close\*\*\*

- Sumner Redstone resigns as chairman of CBS igniting Viacom spec (CBS +4%) (VIAB +7.4%)
- Cisco to buy Jasper Technologies (private) for \$1.4 billion cash, adding IoT management
- Take-Two Q3 revenues & profit beat ests & raised Q4 / full year outlook (trading +8.2%)

- VirnetX won \$625.6M in patent trial against Apple related to secure comms (trading +88%)
- Cisco to buy Jasper Technologies for \$1.4 Billion + incentives for IoT management
- Buffalo Wild Wings 3<sup>rd</sup> straight miss & outlook weaker than estimates (trading inline)
- GoPro surprise Q4 loss & weak sales view (\$160M-\$180M vs \$287.3M), names cfo (trading -9%)
- Imperva sees Q1 adj loss/shr 26c-32c vs estimates loss of 11c/shr (FY view light) (trading -12%)
- Glu Mobile unexpected Q4 profit & deal with Taylor Swift to develop mobile game (trading +27%)
- Shutterfly Q1 loss narrower than estimates but missed Q4 profit forecast (trading -4.0%)
- Yum! Brands Q4 eps beat & profit topped but sales touch light than expected (trading -1%)
- MetLife eps missed lowest est, pointed to strong dollar for lower quarterly #'s (trading -2.2%)
- Harley-Davidson boosted quarterly div to 35c from 31c & added 20M shares to buyback
- Delta CEO Richard Anderson to retire May 2, will be replaced by President Ed Bastian (trading +0.89%)
- Credit Suisse big Q4 miss, disappointing capital, big outflows, accelerates cost-savings (trading -11.4%)
- SEB Q4 net income beats ests, dividend raised, trading better, NII inline, fees worse (trading +6.9%)
- DNB operating profit inline, CET1 14.4% vs 12.7% last year, NII inline, dividend raised (trading +2.2%)
- ING quarterly earnings beat estimates as economy improves, strong balance sheet (trading +10.2%)
- Statoil Q4 operating results better than ests, dps maintained, fcf breakeven lowered (trading +7.5%)
- Astrazeneca profit meets estimates as Brilinta sales rise, revenue guidance downgraded (trading -4.4%)
- Daimler Q4 revenues beat ests, ebit touch light, dividend inline, stock has been weak (trading -3.8%)
- Royal Dutch Shell guidance reassures, most divisions middle/high end of prior outlook (trading +6.4%)
- Vodafone Q3 organic service revenue growth matches estimates, FY guidance confirmed (trading -0.52%)
- Swisscom FY results generally inline with ests, guidance slightly lower, divi maintained (trading -2.7%)
- Mobistar Q4 numbers weaker than ests, service revenues miss by 3.0%, no dividend (trading -1.2%)
- Inwit reports slightly ahead of consensus forecasts, sees HSD annual growth for ebitda (trading -0.09%)
- Dassault Systemes reports solid Q4 (revs & adj. eps 4% ahead), predicts slow start in Q1 (trading -0.54%)
- Lundbeck: FDA panel backs claim of effectiveness for Brintellix in treating MDD (trading +10%)
- Smith & Nephew H2 revs touch ahead, ebitda 3.5% ahead, guidance implies 3-4% d/g's (trading +0.09%)
- Leonteq & DBS end pact on diverging interests on biz model & exclusivity discussions (trading -16.8%)
- Nestle Q4 net beats consensus estimates, dividend €1/share beats forecasts, high SI (trading +8.0%)
- Metso Q4 operating profit misses estimates due to margins, orders beat, outlook ok (trading +3.1%)
- Fingerprint Q4 #'s beat, narrows guidance, split & buyback (no borrow on this one) (trading +4.4%)
- LafargeHolcim: Sberbank sells 6.1% stake (37.1M shares @ €36.25 = 9.1% discount) (trading -4.9%)

- Delta Lloyd: De Mol (who announced 3.02% stake yesterday) said to question RI amount (trading +7.2%)
- Japan Tobacco FY16 ebit guidance 7% below consensus (fx headwinds) (out after the close)
- Macquarie Group warns on key commodities and financial-markets business (closed -4.98%)

**Leading European Sectors:** Basic Resources +5.25%, Oil & Gas +3.47%, EMU Banks +2.3%

**Lagging European Sectors:** Autos/Parts -2.12%, Construction -0.73%, Healthcare -0.42%

ALL eps beat, revs miss – DHT #'s light – NE challenging 2016

LGEN LN cfo retiring – EZJ LN traffic stats inline – CPG LN #'s better

PRS NO #'s soft – AA/ LN update inline – BEZ LN beats estimates

G1A GY beats ests – TIE1V FH #'s better – MU2V GY solid #'s

**Secondaries (announced/priced):** BXLT, QTNT, LHN VX, MOEX RX

**IPO and notable secondary lock-up expirations:** Marinus Pharmaceuticals (MRNS) indeterminate number of shares

#### **US Key Research:**

- Barc downgrades MTCH, CS initiates PETX/IDXX/NVET/PAHC/WOOF/ZTS (op) & ABAX/PETS (up)
- DA Davidson initiates T (buy) & VZ (neut), GS upgrades WHR/W & downgrades WAB
- Janney initiates SEAS (neut), Opco initiates PSTG (perf), Stifel upgrades ARCB (buy) & cuts SNCR
- Longbow downgrades BWLD & upgrades KMT, Piper downgrades PACB

#### **Europe Key Research:**

- Liberum upgrades SDF GY & ICL IT, Jefferies initiates SRG IM (buy), Citi downgrades G IM (sell), Barcap downgrades CCH LN
- Alpha Value downgrades SWEDA SS, Berenberg initiates IFX GY (buy) & STM FP (sell), Mediobanca downgrades GAS SM
- Berenberg initiates ELIS FP (buy), Macquarie initiates LGEN LN (up), Nordea downgrades KESBV FH & upgrades NDX SS
- HSBC downgrades SPR GY & DRW3 GY and upgrades HNR1 GY, Investec initiates GBG LN (buy), SocGen upgrades LWB PW
- Swedbank downgrades NOVOB DC & ICA SS and upgrades HPOLB SS, GS upgrades ADS GY, KBC upgrades COMB BB

- Handelsbanken upgrades BRG NO, SEB downgrades ABBN VX, Akros initiates ANIM IM (accumulate), CBK downgrades WCH GY
- Rabobank upgrades ARCAD NA, Danske upgrades MAERSKB DC & LUN DC and downgrades KCR1V FH, CS downgrades MGNT LI
- Natixis downgrades FUM1V FH, Fidentis initiates INW IM (buy), DNB upgrades HPOLB SS, Numis initiates DNL LN (buy)
- MS downgrades PGS NO, SPM IM, CFF FP, DNB upgrades ENTRA NO, Baader upgrades SZG GY, Carnegie upgrades METSB FH
- Evercore downgrades UHR VX, Evli downgrades LAT1V FH, GS removes ABBN SW from CL Sell list, JPM downgrades PAG LN
- Kepler upgrades NESTE FH, LBBW upgrades UBSG VX & downgrades ABBN VX, Numis upgrades JMAT LN
- MainFirst upgrades DSV DC, PWTN SW, KNIN VX & downgrades MAERSKB DC, SEB downgrades KCR1V FH
- SNS downgrades KPN NA, Sparebank downgrades TGS NO, Nordea upgrades PRS NO

**Reporting Pre-Open:** ABC, BSX, CHTR, CI, CLX, CMS, CMI, DLPH, EQT, ICE, LVLT, MMC, MHFI, OXY, PM, PPL, RL, SNA, TE, TDC, VMC, WEC, XYL, ABMD, ARW, ABG, BCE CN, BZH, BCO, BR, BEP, CARB, CSL, CRS, CFX, COP, CUB, UFS, DNKN, DFT, EQGP, EQM, GLPI, IT, GS CN, GRUB, HIMX, ING, ITG, KELYA, LEE, LQDT, MSG, MMP, HZO, MMS, MD, MEG CN, MSCI, NYT, NAO, ODFL, OMAM, PTEN, PENN, PJC, PBH, PRLB, REDF, RFP, RSTI, SBH, SAP CN, SQNS, STRA, SPH, TDY, TPX, UTEK, VLP, VIRT, WILN

**Reporting Post-Close:** AIV, ESS, HBI, HIG, NWSA, PKI, QRVO, SRCL, SYMC, ACXM, ASYS, AIV, ATR, AHL, ATHN, TEAM, BMI, ELY, CRDC, CATM, ECOM, CLCT, CTRL, COVS, DCT, DECK, DV, ECHO, EGAN, RDN, EMKR, EDE, ENVA, PLUS, ESL, ES, FLT, FLXS, FLDM, G, GNW, MIC CN, GIGA, HBI, THG, HIG, HAYN, IPHI, IMI, KMPR, KRG, LPTH, LNKD, LGF, LRAD, LITE, MHO, MBT CN, MCFT, MTD, MTX, MOBL, MPWR, MFLX, NFG, UEPS, NTGR, NSR, NEWR, NWSA, EGOV, OCLS, OMCL, OUTR, PCTY, PKI, PDM, PXLW, POST, PPS, POWI, QRVO, RNG, SQI, SIGI, SXT, SWIR, SSD, SKYW, SRCL, SYMC, DATA, TTMI, UBNT, UTI, UQM, VVI, WAIR, YRCW

**Economic Data:** Challenger Job Cuts @ 7:30am, Nonfarm Productivity & Unit Labor Costs / Jobless Claims @ 8:30am, Bloomberg Consumer Comfort @ 9:45am, Factory Orders / Durable & Capital Goods Orders @ 10am

EIA natural gas storage change @ 10:30am

**Fed Speakers:** Kaplan @ 8:30am (Dallas), Mester @ 5pm (NY)

**Conferences:** No major conferences

**Analyst/Investor Days:** SE, SEP

**Non-Deal Roadshows:** AAAP, APC, AXSM, BSMX, CHMA, CSH, CUI, DAR, FCB, HAE, LNN, MLHR, NVS, PTX, R, SE, STNG, SWK, TREC, VDTH, VJET, APD

**Shareholder Meetings:** MSON, GTIM, GEOS, COL

**Equity/Mixed Shelves:** AVGR (\$150M), EGLT (\$150M)

***Other Newspaper Articles & Stories***

WSJ cautious: GlaxoSmithKline (GSK) [WSJ](#)

WSJ negative: Dunkin Donuts (DNKN) [WSJ](#)

WSJ positive: Bank of America (BAC) [WSJ](#)

- Investors cast wary eye on Fed rate increases [WSJ](#)
- Treasury Department's plan to lower issuance seen compressing yields further [WSJ](#)
- Conservatives: the party of business? [FT](#)
- South Africa's rainbow starts to fade [FT](#)
- Brokers should bin the bundles of research notes [FT](#)
- MPC — reading the runes on inflation and rates [FT](#)
- Foreign funds cut quotas in China investment scheme [FT](#)
- Risk of US recession back on the agenda for markets [FT](#)
- It could be too late to avoid catastrophe in Venezuela [FT](#)
- Japan birth rate recovery questioned [FT](#)
- It hurts some to admit it but Europe needs Britain [FT](#)
- How South Korea is hurting European shares and the HK dollar [FT](#)
- Alphabet: Betting on the top dog [Lex](#)
- Clydesdale: cheap for a reason [Lex](#)
- Commodities: cheap, not cheerful [Lex](#)
- GlaxoSmithKline: stabilising [Lex](#)
- Zika outbreak 'could infect hundreds of thousands of people in Spain' [Telegraph](#)
- It's a Chinese Ponzi scheme that should really scare us [Telegraph](#)
- Crippled EU is no longer the 'anarcho-imperial monster' we once feared [Telegraph](#)

- EU referendum: What does every European leader think about Britain's demands? [Telegraph](#)
- Take more refugee children from Europe, Tory MPs tell David Cameron after mission to Lesbos [Independent](#)
- Pope Francis sends New Year greeting to China in latest bid to increase the Vatican's influence on the world stage [Independent](#)
- Hillary Clinton struggles to explain why she accepted \$675,000 from Wall Street bankers [Independent](#)
- Rubio criticizes Obama mosque speech for implying 'US discriminates against Muslims' [Guardian](#)
- Is stagnation the 'new normal' for the world economy? [Guardian](#)
- First Corbyn, now Sanders: how young voters' despair is fuelling movements on the left [Guardian](#)
- Hello Berlin, goodbye optimism: why is Germany's glass half empty? [Guardian](#)
- The NHS embodies our connection to the state. No wonder the Tories want to break it [Guardian](#)
- The Guardian view on Britain's regional divide: the north needs deeds, not words [Guardian](#)
- The Guardian view on the EU debate: time to speak for Britain [Guardian](#)
- EU neverendum: Why a Remain vote could intensify forces pushing the UK out the European Union [CityAM](#)
- Metro Bank float may take the (dog) biscuit [CityAM](#)
- Why are Americans so angry? [BBC](#)
- Carney 'too aggressive' on interest rate rise threat [BBC](#)
- Leaders to gather in London for Syria donor conference [BBC](#)

### ***Key Events This Week***

Friday: Jan employment report, Trade balance Dec, Consumer credit Dec, German Factory orders Dec, Earnings (AME, AON, CME, EL, MCO, TSN, WY)

Sunday: China FX reserves Jan

### ***Key Events on the Horizon***

Feb 9 – New Hampshire primary

Mar 1 – "Super Tuesday" for US primaries

Mar 16 – FOMC rate decision

Aug 5 – Summer Olympic Games (XXXI) begin in Rio de Janeiro, Brazil

Nov 8 – US Presidential election

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